

Advertising Age

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AmEx pulls plug on Chiat

Charge card yanks \$60M account, gives green light to O&M campaign

By Gary Levin
and Melanie Wells

NEW YORK—American Express Co. last week fired Chiat/Day/Mojo on its \$60 million charge-card account after deciding to expand nationally a campaign from Ogilvy & Mather that promotes restaurants and other merchants.

The move capped a tumultuous tenure by Chiat, which won the creative portion of the account from O&M only last November by creating a widely criticized set of spots that featured the AmEx Card as a larger-than-life icon.

That effort was officially shelved in August, when Aldo

Papone, a former top AmEx executive now serving as a senior adviser on its advertising, gave Chiat the go-ahead to produce three new commercials using the same imagery.

But those spots were never approved for airing, and Chiat seemed doomed after O&M's work, which until now has aired only in New York, Los Angeles and Atlanta, received praise from the ad industry and positive feedback from cardmembers.

"After we reviewed the results, we found they spoke so compellingly to our broad constituency, it didn't make sense to have two different cam-

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Is ad czar in GM's future?

Smale wants to forge distinct brands

By Raymond Serafin

A thorough marketing shake-up led by John Smale may be on the agenda for General Motors Corp., where the board of directors appears poised to complete the management overhaul it began in April.

The board reportedly is on the verge of dumping Robert Stempel, who since becoming chairman in

August 1990 has been unable to turn around GM's staggering losses in the midst of a stubborn economic downturn. Mr. Smale, 65, the retired chairman of Procter & Gamble Co. and a GM board member, was reported to be the board's choice as the new chairman.

Mr. Smale was one of the leaders of a board movement in April that removed Lloyd Reuss as pres-

ident of GM, replacing him with John F. "Jack" Smith. At the time, Mr. Smale also replaced Mr. Stempel as chairman of the board's executive committee.

GM insiders and agency executives speculate that a regime headed by Mr. Smale could include an ad czar, someone with a broad view of the corporation and the authority to direct indi-

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Will NBC move Ebersol into Wright's post?

By Joe Mandese

NEW YORK—NBC could undergo a major reorganization of its senior management in preparation for the media company's sale by parent General Electric Co.

That is the latest of myriad rumors swirling among senior NBC executives in the wake of renewed speculation that the company is in play.

The corridor talk calls for NBC President-CEO Robert Wright to return to GE in a new, undetermined position and be replaced by Dick Ebersol, now president of NBC Sports and senior VP, NBC News.

Mr. Wright is the executive who was handpicked by GE Chairman John Welch to run the media conglomerate when GE acquired NBC parent company RCA in 1986.

Mr. Wright was president of GE Financial Services before his appointment at NBC. Before GE, Mr. Wright was president of Cox Cable Communications, a cable

system operator and cable programmer.

An NBC spokeswoman said the rumors are without merit and that no significant management changes are planned at NBC. She added that the rumors were most likely precipitated by the fact that Mr. Ebersol's contract is about to expire.

"Whenever you see ratings turn in a certain direction, or when big projects like the Olympics end, you get the Spago factor," said a senior NBC executive, referring to the popular Los Angeles eatery. "People sit around at lunch and paint scenarios. Bob is not going to GE, and whatever Dick's ultimate plans are, are still being formulated, but everybody hopes that he will stay here."

A GE spokesman said the company's policy is not to comment on rumors.

While Mr. Wright has overseen NBC's aggressive entry into cable TV, GE has seen ratings and earnings fall dramatically for its

(Continued on Page 8)



Marky digs Calvin

When Calvin Klein spotted Marky Mark in his skivvies in *Rolling Stone* last summer, he signed him up for an ad campaign. The first spot featuring the bare-chested, crotch-grabbing rapper with topless model Karen Moss appeared on MTV Oct. 24. Fox's New York station, WNYW, said it rejected two spots because the nudity was "inappropriate." The spots also feature some barrier-breaking comments from Marky Mark, including, "Now the best protection against AIDS is to keep your Calvins on... I've had lipstick stains on my underwear a few times."

LAST MINUTE NEWS

Microsoft stages big intro

NEW YORK—Microsoft Chairman-CEO Bill Gates makes his Broadway debut Oct. 27 in a variety show-style event to introduce Windows for Workgroups, expected to become the top seller in the hot-selling Windows line. In its splashiest launch promotion ever, the No. 1 software marketer is spending \$2 million to produce the 1 hour show and send it by satellite to nearly 300 sites nationally reaching 30,000 customers. It will also spend \$2 million on direct mail and more than \$1 million on trade ads. Ogilvy & Mather, Los Angeles, handles.

Almay readies drug products

NEW YORK—In a cosmetics industry (Continued on Page 8)

Exec shuffle disrupting TWA review

By Jennifer Lawrence and Melanie Wells

A senior management shake-up at Trans World Airlines is putting the carrier's ad agency review into a tailspin.

It was learned late last week that Craig Pavlus, TWA senior VP-marketing, may be reassigned and Sheldon Kravitz, VP-advertising and consumer marketing, might leave TWA.

The individual rumored to be joining TWA to head the marketing effort is Don Casey, chairman of Landor Associates, a corporate identity company, and a former senior VP-marketing at TWA in the early 1980s. Mr. Casey is said to have close ties to Lord, Dentsu & Partners, New York, an agency that now could have an edge in landing the account.

Mr. Pavlus has been conducting the review for the carrier's estimated \$50 million account. Seven New York agencies were chosen to pitch the business: domestic incumbent Avrett, Free & Ginsberg; Backer Spielvogel Bates; Grey Advertising; Bloom FCA; Biederman, Kelly & Shaffer; Deutsch; and Lois/USA. FCA, London, handles the international account.

Don Fleming, TWA director of public relations, confirmed that "significant management changes are under way" but he couldn't be specific because details hadn't been finalized.

"The new management committee has some changes—and they are significant—in progress, but we can't comment on the changes today," Mr. Fleming told *Advertising Age* late Friday.

The management committee is headed by Glenn Zander and Robin Wilson, who are trying to steer TWA out of Chapter 11 bankruptcy protection.

TWA had hoped to finish the agency review by yearend.

Agencies had been scheduled to meet with airline executives but late last week Messrs. Pavlus and Kravitz postponed meetings arranged with at least three: Grey, Lois/USA and Deutsch.

Apparently, the meetings have been rescheduled for this week but one agency executive said anything could happen. Bloom FCA is said to have a meeting scheduled for this week with a TWA international marketing executive.

Mr. Pavlus was out of the office Friday and couldn't be reached. Similarly, Mr. Kravitz and his secretary were both out of the office. □



Ebersol

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BUSINESS TO BUSINESS

ADVERTISING AGE & BUSINESS MARKETING • CRAIN PUBLICATIONS

MEDIA BUYING & PLANNING

Despite economic storm,
AD RECOVERY
sighted on horizon

Skittish execs see '93 ad bucket as 'half full'—maybe

But exclusive survey finds a few who expect a breakout in business-to-business budgets

By Kate Bertrand

Under the dark storm clouds of recession, there are signs of recovery off in the distance.

In an exclusive survey of advertisers and agencies conducted by Beta Research Corp. for *Advertising Age* and *Business Marketing*, 57.8% of agency respondents and 42% of the advertisers predicted business-to-business ad budgets would increase in 1993.

Also, 80% of business-to-business marketers see at least a slight sales improvement next year, with 70% expecting at least a slightly better profit picture.

Caution is rampant, however; 50% of the advertisers and 40.2% on the agency said ad budgets would remain the same as 1992.

"I see [the ad slump] directly geared to the condition of the economy," says Jerry Bryan, director of corporate communications at Sverdrup Corp., an engineering/architecture/construction company. "What we are seeing in some of our industrial markets would be projects that are temporarily on hold,

and we expect them to break loose in 1993 or '94."

Still, he adds: "We see other discrete markets that are looking at a minimum of a 5-year period to recover from the recession. This will be the most gradual recovery we have seen from a recession."

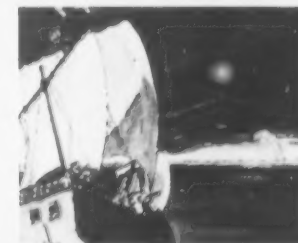
Among the *Advertising Age/Business Marketing* survey respondents, 54.8% of the advertisers said '93 spending increases would be in the range of 10% or less, and 21.4% predicted boosts of 11% to 20%.

Fifty percent of ad agency respondents said spending would be up 10% or less, while 39% put the range at 11% to 20% (10.2% even predicted boosts of 21% to 50%, a range foreseen by 9.5% of the advertisers).

"I think it's going to start moving back up," says Dennis Ritzel, director of advertising and corporate identity with Eaton Corp., Cleveland. "I tend to think this [ad cutback] is a temporary situation."

"There's been so much restructuring going on in business generally, it's just

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Cover illustration by Steve Bjorkman

ABOUT THE SURVEY

For the third straight year, Crain Communications Inc.'s *Advertising Age* and *Business Marketing* have teamed to survey business-to-business marketers and their ad agencies to gauge activities and trends in media buying and planning.

Beta Research Corp., Syosset, N.Y., was commissioned to conduct a geographically dispersed, random-sample telephone survey. Interviews were done during June 1992, with 100 advertiser and 102 ad agency executives directly involved in business-to-business marketing responding.

The sample reflects a statistically projectable representation of industry opinion.

The principal area of business for 25 of the advertiser respondents is computers, 22 electronics and 17 communications.

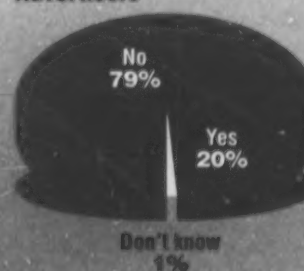
The rest are active in the fields of chemicals/materials, office products/automation, manufacturing, automotive, energy, construction, food products and aerospace.

Among the agency respondents, 34 reported billings of between \$1 million and \$5 million; 27 had billings of under \$1 million.

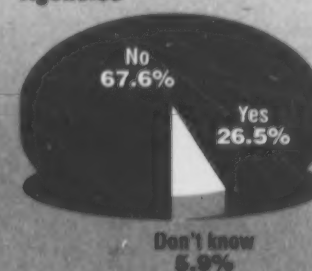
Fifteen had billings of between \$10 million and \$20 million, and eight had billings of \$20 million to \$50 million. □

Do you think the current slowdown in business-to-business ad spending represents a permanent correction?

Advertisers



Agencies



Source: Beta Research Corp.

JOHN HALL

Want accountability? Then go direct

The 'one thing the direct-marketing people are good at, in general, is tracking results'

By Gary Levin

Direct marketing is fast becoming the darling of business-to-business advertisers. The recession, the resulting budget squeeze and general discontent with results from trade-magazine advertising are leading companies to devote a larger percentage of marketing dollars to direct-response efforts.

Those programs often enable marketers to reach a more targeted audience more efficiently.

An *Advertising Age/Business Marketing* survey of both advertisers and agencies, conducted by Beta Research Corp., ranked direct-response activity as the fastest-growing discipline.

Sixty percent of the advertisers surveyed said they'll devote a larger percentage of their marketing budget to direct-response this year, compared with just 11% who said it would receive a smaller share.

In terms of increased spending vs. other disciplines, 22% of the same advertisers said direct-marketing is getting the largest percentage increase in dollar terms, while only 15% cited trade journal advertising and just 2% named newspapers.

Agencies report similar results when asked about their work on behalf of clients. Nearly 62% of agency respondents said direct-mail work is getting a larger chunk of clients' business-to-

"Advertisers would rather go for something that's more of a sure thing."

business media budgets in 1992, and 41.2% said other direct-response or database activity would.

Similarly, 37.3% of agency executives surveyed said direct-mail work would get the largest percentage increase in budgets this year, and 7.8% said other direct-response activity would.

Advertisers "these days are into ac-

Biggest boost
Which medium received the largest percentage increase in spending this year?
37.3% of agencies and 22% of advertisers said direct mail/direct response.

Source: Beta Research Corp.

JOHN HALL

countability in a major way, and one thing the direct-marketing people are good at, in general, is tracking results," says Bob Lamons, chairman of the Business/Professional Advertising Association and chairman-creative director of Robert Lamons & Associates, Houston.

"In today's economy, with the pressure to downsize everything, including all aspects of marketing communication budgets, advertisers would rather go for something that's more of a sure thing," he adds.

"We're becoming more and more concerned that we're not getting response from the type of ads we've been running, so there may be a shift into response-type" marketing, says Richard Mills, sales manager for Hewlett-Packard Co. in Colorado Springs, Colo.

Direct marketing isn't exactly new to business-to-business advertisers, who are often helped by a narrowly defined customer base.

"It's something we've been encouraging clients to look at for years, to convince them there are other ways to sell product besides print" advertising, says Fergus O'Daly, chairman-ceo of Poppe Tyson, New York, the business-to-business unit of Bozell, Jacobs, Kenyon & Eckhardt.

But Mr. O'Daly and others say it's getting more attention than ever: Just 35% of Poppe Tyson's billings now come from media advertising, compared with 65% a decade ago.

Much of the movement into direct response is led by new technologies.

They include inkjet printing, database enhancements and the ability to merge purchase histories with geographic and demographic information for so-called relationship marketing efforts.

A utility, for example, might target business customers who belong to the Sierra Club for special mailings intended to show corporate concern about the environment.

"We're able to target a lot better," Mr. O'Daly notes. "In the business-to-business sector, it's even more valuable and viable than the consumer sector because the market is so much more identifiable. It's easier to find people who buy pigment for paint than look for who drinks cola."

The targeted nature of direct-response work means smaller budgets can be deceiving.

Stefanie Gosse Batory, advertising supervisor at Panasonic Office Automation, says her division has actually reduced overall usage of direct-response advertising but has increased its efficiency through better targeting of prospects.

"We're not using it as widespread as we used to because of the cost and waste," she says. "We have not elimi-

"It's easier to find who buys pigment for paint than who drinks cola."

nated it from the marketing mix, and we're not saying it's not effective. But we're choosing the vehicles where we're getting the best response, rather than doing blanket mass mailings that we used to do more of."

Some executives believe advertisers with small budgets are more likely to spend a larger percentage of their spending on direct response.

"With smaller accounts, say less than \$500,000, when they get squeezed a little they retrench," says David Yoder, VP-media director at Anderson & Lembke, San Francisco. "The larger advertisers will still continue to rely on advertising."

But the Beta survey doesn't support that notion.

Although 60% of all advertiser respondents said they're devoting more of their budget to direct-response activity, only 56.3% of those who spent less than \$500,000 said so, versus 75% of those spending in the \$2 million to \$5 million range. □

Kate Bertrand contributed to this story.

Resellers make their point

Post biggest gain; also, trade shows seem to have found a niche

By Sandra Pesmen

Business-to-business marketers are still looking to trade publications to help them move product in difficult times.

But the bulk of marketing-budget increases continue to go to high-flying dealer/distributor materials.

Thirty-seven percent of advertiser respondents to Beta Research Corp.'s survey conducted for *Advertising Age* and *Business Marketing* increased spending in specialized business publications and 37% kept those ad dollars at the same level.

The biggest jump in spending was reserved for dealer/distributor materials, with 62% of advertiser respondents increasing those budgets in this area of the marketing mix in '92.

Direct-response activities also saw 60% of advertiser respondents spending more (see story on Page B-8).

"Dealer/distributor programs make a lot of sense in my mind," says Ron Strauss, exec VP-account services, Gordon Bailey & Associates, Atlanta, a business-to-business agency whose clients include Mobil Chemical Co. and Siemens Energy & Automation. "In a recession, what you want to achieve is to reduce inventories in the channel [the dealer/distributor network]."

"My people are doing that as well," he says. "Those clients have ongoing programs for some product lines to support their dealers. One is called 'Return on Investment,' a program that demonstrates to dealers they value them and encourages them to carry a broad spectrum of products with a stocking, or inventory, program."

As for direct response, Mr. Strauss says there's increased pressure on finding ways of assisting the sale and becoming more productive while lowering the cost of selling.

"If you send enough ammunition in ahead, it's easier to take the beach," he notes.

Will Diefenbach, the account supervisor on Lotus Development Corp. at Hill, Holliday, Connors, Cosmopolis, Boston, says maintaining a good relationship with the dealer/distributor network is very important.

Lotus' "cooperative marketing programs available to resellers can take any number of different forms, such as

Favored fare

How various marketing tools and media fared in 1992 business-to-business spending, vs. 1991.

	Advertisers			Agencies		
	UP	SAME	DOWN	UP	SAME	DOWN
Specialized business publications	37%	37%	25%	32.4%	30.4%	36.3%
General business publications	20	52	24	6.9	43.1	42.2
Local/regional business publications	18	45	30	19.6	43.1	31.4
Newspapers	18	59	23	12.7	49.0	29.4
Broadcast TV	10	68	13	16.7	45.1	24.5
Cable TV	8	68	14	30.4	46.1	13.7
Radio	8	68	13	17.6	53.9	8.0
Out-of-Home	4	75	5	9.8	57.8	15.7
Business directories or reference books	30	53	15	14.7	62.7	17.6
Dealer/distributor materials	62	26	8	NA	NA	21.6
Direct response activities	60	28	11	61.8	25.5	NA
Trade shows	25	50	22	NA	NA	5.3
Conventions/seminars	30	46	22	NA	NA	NA
Sales force	34	46	18	NA	NA	NA
Public/investor relations	23	60	6	NA	NA	NA
Research	43	47	5	NA	NA	NA

Note: "Don't know" answers not included. Source: Beta Research Corp.

KIMBERLY MART

direct mail, advertising or turning over leads to the whole dealer/distributor network," he says. "The company recently ran a . . . resellers' program for Lotus Notes. It listed all the resellers who were participating in this campaign and . . . the ad supported the dealers by running all their names."

Mr. Strauss also gives trade publications high marks.

"Trade magazines provide grist for a data-based marketing program," he says. "You're getting to a pre-qualified audience in response to whatever your appeal is. They're raising their

hands and identifying themselves as being interested, and that allows you to begin the process of building a relationship with them."

Thirty-three percent of the agency respondents to the Beta survey said their clients' business-to-business media budgets for trade journals or specialized business publications in 1992 exceeded 1991 spending.

John Pope, director of corporate relations for CompuAdd Computer Corp., Austin, Texas, says his company has been putting the largest percentage of its marketing dollars into trade (Continued on Page B-12)

Fragmentation works for computer press

Computer-industry magazines and newspapers, among today's healthiest trade publications, are evolving almost as quickly as the fast-paced industry they cover.

High-tech media maven Scott Haslam, group media director at agency Dahlin Smith White, Salt Lake City, identifies the following as key trends shaping the computer press.

■ Death of "novice" books

Experience has proved the targeted readers have no need for a general-interest computer enthusiast publication. The category's reality is that its audience churn is too great to generate a loyal following or provide profitability for such periodicals.

Remember *Personal Computing*?

Newspapers, broadcast media and newsweeklies such as *Time* and *U.S. News & World Report* now keep novice computer users supplied with general news of the technology.

Meanwhile, programming on public and cable TV stations is bridging the user-training gap. Also available are training videos offered for sale or as promotional items.

■ Vertical media integration

Intense competition between the giants within computer-press publishing has created a world in which media buyers can access varied resources with minimal effort.

These publishers, through management of their re-

sources and willingness to form media partnerships, offer advertisers much more than mailing lists and other traditional merchandising.

The publishers, like many others in the trade press, now offer such extras as direct-marketing assistance, syndicated and custom market research, use of product testing labs, book printing, help with trade show marketing and global marketing services.

■ Specialty publications

The computer press continues to fragment thanks to the proliferation of publications serving specialized market segments.

Despite the many periodicals already covering computer networking, distribution, information systems management and other specialized subjects, publishers continue to focus on the niches.

Ziff-Davis Publishing Co., for example, this fall launched *Windows Sources* for expert users of Microsoft Windows operating system software.

Meanwhile, some general business publishers are developing products for managers interested in computer technology.

Forbes, for one, will next month launch a quarterly publication called *ASAP*. The publication will target senior managers and cover information technology strategies. *ASAP* will come poly-bagged with subscriber issues.

High-tech publishers are flocking to the specialized magazines because they believe that, unlike the more general technology magazines, narrowly focused computer publications can deliver discrete groups of decision makers.

The result, they contend, is advertising with rifle-shot, not shotgun, accuracy.

Kate Bertrand

Resellers

(Continued from Page B-10)

publications. "Currently, and till the end of the year, we're in every issue of *PC Magazine*, *PC Week* and *Corporate Computing*," he says. The advertising claims CompuAdd listens to its customers and responds.

CompuAdd also did some cable TV advertising on CNBC, Discovery Channel and CNN. "Basically, it was the cost," Mr. Pope says. "We found it was more cost-effective to go on cable, like CNBC. . . . It was very positive. It's to be determined what we will do next year; [we] haven't set the plan."

CompuAdd also reported significant newspaper advertising. "We have retail storefronts that we support with daily newspaper advertising," he says.

That runs somewhat counter to the Beta survey findings. Twenty-three percent of business-to-business advertisers said their newspaper spending was down this year, with 29.4% of agency respondents reporting decreased placements in the medium. Holding steady, however, were 59% of

advertisers and 49% of agencies.

On another print front, 20% of business-to-business advertisers increased spending in 1992 on general business publications, such as *Business Week*, *Fortune* and *The Wall Street Journal*, the Beta survey found.

Just 7% of agency respondents reported an increase in general business publications spending, while 43% re-



R. Strauss



L. Dawson

ported a decrease in 1992.

Lannie Dawson, media director at Martin/Williams Advertising, Minneapolis, says that's because those publications "tend to be used more for image-type advertising, and during this economic downturn our clients are more concerned with selling prod-

uct than with building image."

Mr. Strauss believes those publications have a place in the broad spectrum of marketing, depending upon the product and the mission.

"In the case of our client, Siemens, our choice hasn't been to go directly to *The Wall Street Journal*," he says. "Our choice has been to have the parent corporation, Siemens USA, do that sort of advertising as an umbrella for our efforts in specific markets."

Trade shows, the darlings of marketers in the '80s, suffered heavy budget cuts since the start of the recession but now seem to be finding a realistic niche in the marketing mix.

Twenty-five percent of advertiser respondents to the Beta survey increased trade show budgets in 1992.

Fifty percent held steady and only 22% decreased trade show expenditures from 1991.

Mr. Diefenbach says his clients find trade shows "a great opportunity to meet face-to-face with current customers, prospects, their resellers [retailers] and to engage in dialog."

Trade shows also are often used as the opportune time to introduce a new

(Continued on Page B-17)

Negotiate from position of strength

Editorial quality of utmost importance when talking about ad 'price'

By Scott Donaton

Magazine publishers have long argued that rate negotiation weakens profit margins and, ultimately, affects editorial quality the same way.

To make matters worse, advertisers and agencies continue to press for sweeter deals but say they won't tolerate declines in the editorial product.

An overwhelming 97% of advertiser and ad agency respondents to an exclusive survey conducted for *Advertising Age* and *Business Marketing* by

Beta Research Corp. said editorial quality is a "very" or "somewhat" important factor in media buying decisions.



K. Hetland

Eighty-four percent of clients and 77.5% of the agencies surveyed said they would stop advertising in a

business-to-business publication if there was a decline in editorial quality.

"Editorial is very important in terms of making the buy," says Jean O'Neill, VP-account supervisor at agency CME KHBB, Chicago. "The planner has to put herself in the mind of the reader. Our goal is to reach the reader in a creative editorial environment."

"Editorial decline would certainly impact a buy," she adds. "We would carefully monitor the publication and if there was a decline, we would re-evaluate our buy."

"Editorial quality is critically important," agrees Karen Hetland, VP-associate media director at Martin Agency, Richmond, Va. "We're real strong believers in not just looking at circulation figures but also looking real closely at editorial, because it says something about the publication's relationship with its readers."

"If the editorial quality is weakened, that means [the publication] probably will not maintain its relationship with its readers and our ad message will not be communicated effectively," she says.

In addition to editorial quality,

How important is editorial quality in media buying decisions?

Advertisers



Source: Beta Research Corp.

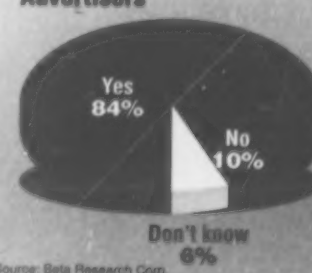
Agencies



JOHN HALL

Would you stop advertising in a business-to-business magazine because of a decline in editorial quality?

Advertisers



Source: Beta Research Corp.

Agencies



JOHN HALL

buyers say they examine a magazine's circulation vitality, ad volume and competitive position.

"Editorial isn't the sole reason to abandon or recommend a publication. It's one of many criteria," says Ms. O'Neill.

Although publishers maintain discounted rates and other concessions lead to a weakened editorial product, ad buyers say publishers have to learn to adapt, to do business in a negotiated marketplace without disrupting the quality of their titles.

Of the publisher complaints, "I don't want to hear it," says an agency media director who requested anonymity.

"They've made their bed, now they have to lie in it. It's a competitive, negotiated marketplace."

But there are indications media users don't themselves think the two go hand in hand.

More than half of agency respondents to the survey—53.9%—agree with the statement that the business publications most likely to negotiate rates are those with the weakest editorial product.

Forty-four percent of advertiser respondents said the same thing.

"Generally, the stronger publications in the field" are the ones least likely to deal, says Steve Goodman.

VP-media director, UniWorld Group, New York. "The magazines that have to fight for the advertising are more willing to negotiate."

Jim Felt, president of Felt Advertising, West Bend, Wis., says the vitality of a trade publication's category is more of a factor in its willingness to negotiate than is editorial quality.

"If the field has been really hard hit, like the construction field, they'll do some fiddling with the rates," he says. "It depends on the field."

Ms. Hetland believes there are two kinds of magazines when it comes to negotiation. "There seems to be a group in business [solely] to make money from advertising as opposed to building relationships with readers," she says. "There is a real impression of, 'We want to sell ad space and we're willing to do what it takes to get business.' Those are the books we have to be careful about."

Don Reichardt, director of advertising at BellSouth Corp., Atlanta, believes a publication's circulation and audience figures are indicators of its editorial strength. If those figures are solid, he assumes the editorial product is also up to par.

"We let the target market make the decision for us," he says. "We just try

Do you agree that the publications most willing to negotiate price are those with the weakest editorial product?

Advertisers



Agencies



Source: Beta Research Corp.

JOHN HALL

to reach as large a measure of our target audience as efficiently as we can."

Some buyers dispute the importance of editorial quality in business-to-business media buying.

"In some industries there is no editorial quality and that does not impact the client's desire to send a message to the industry," says Ray Cross, VP-media at Boyd, Tamney & Cross Ad-

vertising, Wayne, Pa.

Marketers still run ads in those magazines because the titles are the best medium to reach a particular audience, he believes.

The more important factors in a buying decision are a magazine's "circulation, competitive stance within the industry and length of existence," Mr. Cross says. □

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Giving credit where credit is due

National account programs—and freebies they bring along—are proving popular

By Sue Kapp

Every time Pat Ryan buys an ad for Du Pont Co. in any of a number of Cahners Publishing Co.'s magazines, she automatically gets a 5% discount.

That's a big savings when considering Du Pont spends about \$1 million a year in Cahners' publications.

Du Pont, which Ms. Ryan serves as media supervisor, is just one of a growing number of business-to-business advertisers cashing in on programs designed by publishers to reward their biggest customers.

National account—or advertising credit—programs resemble the airline industry's frequent-flyer plans. The more you advertise, the more credits you earn. And, depending upon the program, those credits can be redeemed for free advertising, special services and rebates.

A survey conducted by Beta Research Corp. shows how prevalent these programs are becoming. Nearly 55% of ad agency executives surveyed, and 64% of advertisers, said they have been offered advertising credits.

When asked what impact those programs have in their media buying decisions, 73.2% of agency and 70.3% of advertiser respondents said they're very or somewhat influential.

"I think [national account programs] are more fair and justified than simply cutting rates," says Connie Brittain, media director at Sonnhalter, a Berea, Ohio, ad agency. "The more you spend, the more you get back. How can you argue with that? Everybody knows about it and everybody can take advantage of it."

Although advertising credits have been around for years, some industry sources say they're becoming increasingly popular among publishers, who use the programs to encourage companies to spend more in their publications. Others see them as a way to forge strong customer relationships.

"I think we'll see more of these programs in the future, because the marketplace for [publishers] is so competitive," says Ms. Ryan. "They'll have to

additional space in any of the 46 publications or they can get a rebate.

Rebates are available as a lump sum when a company's yearly ad contract runs out. Or, as in the case with Du Pont, a company can apply the rebate to its advertising invoices throughout its contract year.

About 95% of eligible advertisers participate in Cahners' program, says Kathleen Leonard, national account manager. Advertisers prefer space credits over rebates by a ratio of 9-1.

"The majority is going for additional visibility, especially with this economic climate," she says.

Space credits are also a popular option among advertisers participating in Penton Publishing's national account program.

"About 65% to 70% of our users gravitate to additional advertising," says John Hartnett, Penton's national accounts manager. "It gives [advertisers] the ability to try different magazines in different markets."

Digital Equipment Corp. is a prime

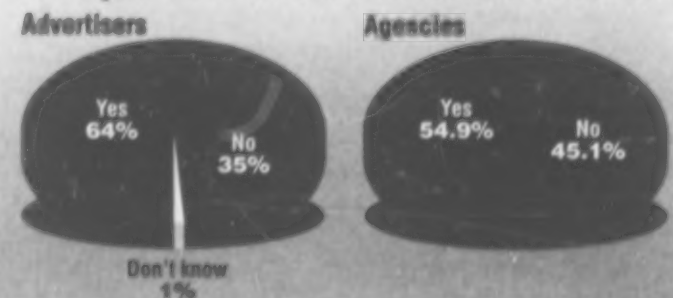
do this to stay in the game."

Ms. Ryan says Du Pont participates in Cahners' program primarily because it "helps us save money on advertising costs."

She especially likes the fact that Cahners includes a wide variety of magazines in its program: Forty-six of its 82 publications participate.

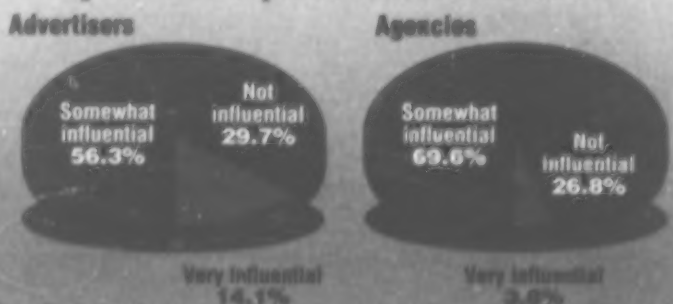
To qualify for Cahners' program, companies must spend a minimum of \$400,000 annually in at least two of those 46 magazines. Eligible advertisers can either use their credits for

Have you been offered advertiser credits?



JOHN HALL

How influential are advertiser credits in your media placement decisions?



JOHN HALL

example. Spending more than \$500,000 a year in Penton publications like *Electronic Design*, *Industry Week* and *Machine Design*, Digital uses its credits to run additional ads, usually at the start of its fiscal year.

"At the beginning of our fiscal year, we don't always have our budget approved," says Gerry Lawrence, corporate ad media manager.

"Rather than have a hiatus in advertising, it allows us to maintain a small presence."

"From [Penton's] standpoint, it's not losing anything because we wouldn't be advertising anyway" during that

period, Mr. Lawrence adds. "It's a win-win situation."

With Penton's national account program, companies must invest at least \$300,000 annually in three or more of its publications. As with Cahners' program, the more Penton advertisers spend, the more credits they receive. Credits increase to as much as 15% when a company spends more than \$1.2 million a year on advertising.

Advertisers and agency executives differ over how much influence these programs have on media buying deci-

sions. But most agree they do play a role.

"Media buying is an analysis of many different factors," says Ms. Brittain, who represents Ridge Tool Co., among others. "If it came down to a close call, I'd lean toward the one with the [national accounts] program. If both have the program, I'd lean toward the magazine with the most beneficial one."

"This type of program is very beneficial to advertisers and definitely makes a difference," she adds. □

Resellers

(Continued from Page B-12)

product, he adds, "and, in the high-tech industry, it happens so often Lotus feels a need to participate in all of them that relate to its business."

Dennis Passis, president of Transworld Exhibits, reports attendance at his shows has grown about 5% to 7% in the last two years.

Ten percent of business-to-business advertiser respondents increased broadcast TV budgets, and 17% of agency respondents saw budget boosts.

Mr. Strauss sees some emerging opportunities in broadcast buys.

Those will come "especially as people understand the kind of audience delivered by narrowcasting and how those audiences meet their needs," he says.

Network TV doesn't usually meet the needs of his agency, but he sees a real opportunity in using local spots on network affiliates in support of local trade show activities. He also sees cable TV as filling the needs of clients on occasion.

"If I were representing a pharmaceutical [company], for example, there are some programs on cable that do an especially good job of delivering some types of medical specialties and would provide a beautiful environment for that," Mr. Strauss says. "You'd be getting the benefits of sight, sound and color for a relatively low cost."

Although just 8% of advertiser respondents reported increases in cable TV spending, a whopping 31% of agency respondents said they received increased budgets for the medium.

Mr. Strauss also is looking at innovative uses for non-traditional media.

"One medium I'm hoping to apply effectively is the laser board at Atlanta's Hartsfield Airport," he says. "I think it can be a very effective way to welcome people to a major meeting in town." □

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'Half full'

(Continued from Page B-4)

a matter of hanging on and cutting back until all of that gets assimilated. I think that's what is taking place."

Laura Bracken, senior associate media director at Saatchi & Saatchi



"What we're experiencing can be extrapolated to business-to-business advertising as a whole."

—Art Broughton, TFB/BBDO

Pacific, San Francisco, is convinced the recent slump in ad spending doesn't represent a permanent correction in the way marketing is done.

In curbing budgets, business advertisers are "just going along with the economy," she says.

"It's cyclical... simply following the pattern of the economy," says Alan Kerr, senior VP-group account director at Ogilvy & Mather, Los Angeles, in agreement. "I don't think it's per-

manent."

That long-term outlook also is clearly shown in the Beta survey, revealing a rainbow on the horizon.

The majority of respondents—79% of advertisers and 68% of agency executives—agreed that the overall slowdown in business-to-business ad spending does not represent a permanent correction.

"In the high-tech business, [the media slump] is temporary," says Art Broughton, exec VP-director of creative services at TFB/BBDO, Palo Alto, Calif.

"I would guess what we're experiencing can be extrapolated to business-to-business advertising as a whole."

"It'll swing back some," notes Bart Young, president of Speer, Young & Hollander, Los Angeles. "Things like database marketing are going to become more efficient, and I think [that will] eat into media dollars. But that doesn't mean the [business press] publishers won't play a key role."

However, some people hold the opposite view, with 20% of the advertiser and 26.5% of the agency respondents to the Beta survey saying they believe a permanent correction in spending levels is taking place.

"My view is that the difficult time the whole advertising business is going through right now is *not* cyclical," says industry consultant Herbert Zeltner. "We're going through a basic structural change."

Despite continuing vulnerability of ad budgets in some industries, spending in some segments already is improving.

"Relative to high-tech accounts, I think things are getting better," says Scott Haslam, group media director at Dahlin Smith White, a Salt Lake City agency.

Several leading computer hardware and software makers have increased their advertising significantly in the past year.

Compaq Computer Corp. boosted its ad expenditures 70% between 1991 and 1992. Total spending for this year could reach \$95 million, up from \$55 million last year.

Zenith Data Systems recently said it

1993 ad budgets are expected by advertisers to:

Increase	42%
Stay the same	50%
Decrease	8%

but agency executives are more optimistic:

Increase	57.8%
Stay the same	40.2%
Decrease	2%

Of those increases, advertisers foresee a range of:

10% or less	54.8%
11% to 20%	21.4%
21% to 50%	9.5%

and agency executives see a range of:

10% or less	50.8%
11% to 20%	39%
21% to 50%	10.2%

Source: Beta Research Corp.

Marketers: Looking ahead 12 months, business-to-business sales are expected to...

Increase (net)	80%
Greatly	17%
Slightly	63%
Stay the same	15%
Decrease (net)	5%
Slightly	4%
Greatly	1%

... while profits are expected to...

Increase (net)	70%
Greatly	16%
Slightly	54%
Stay the same	19%
Decrease (net)	9%
Slightly	7%
Greatly	2%
Don't know	2%

Source: Beta Research Corp.



"I see [the advertising slump] directly geared to the condition of the economy."

—Jerry L. Bryan, Sverdrup Corp.

media such as direct mail and direct response advertising (a trend also documented by the Beta survey).

Zenith's increase, for example, will help fund a major catalog effort.

Regardless of when marketing expenditures pick up again, the future looks like it's "going to be great for the clients," says Ms. Bracken. "We're really trying to work with the [media] as more of a marketing partner. It's gone way beyond" just buying space and time. □

JOHN HALL

The voodoo of value-added

Once a euphemism for discounts, it has publishers scrambling for new choices for greedy advertisers

By Joe Mullich

A simple term is becoming anything but simple.

"Value-added is a dangerous subject to talk about, because I don't think there's a common understanding of what it means," says Chuck Moodhe, senior VP-general manager of Cahners Publishing Co.'s Chicago division. "The used-car lot down the street has value-added."

"Basically, we're just trying to go in and respond to the needs of our customers rather than go in with a preconceived idea of what they need," Mr. Moodhe says.

Certainly, value-added is a nebulous term that, on occasion, has simply been a euphemism for discounts. By now, everyone knows the standard list for value-added options: reprints, special sections, sponsorship of events, mailing lists.

But that list is growing longer and becoming more creative as publishers search for a new place in the ever-changing marketing environment.

For example, one business-to-business publication has been broaching the idea of providing advertisers not only with mailing lists but with creative services on their direct-mail programs as well.

"A lot of deals are going on, a lot of packages are being offered within groups of magazines," says Bill Lang, media director for Anderson & Lembke, New York.

Those deals are going on partly because of advertisers' high interest in value-added options. In the Beta Research Corp. survey, 27% of advertisers said value-added options are "very important" when deciding on media placement. Another 58% said the options were "somewhat important."

Among ad agency respondents, 43.1% said "very important" and 42.2% said "somewhat important."

That illustrates decision-making importance by around 85% of the respondents from each group.

The starting point for these value-added deals is another hot buzzword: strategic partnerships.

Because of economic pressure and increasing competition, industry experts agree advertisers are more willing to consider marketing suggestions from outside sources.

"When I see a major corporation willing to take 20 executives for a day and a half to meet with us and openly discuss their company in a confidential manner, I would say things are absolutely becoming more open," says Mr. Moodhe. "That's the case more

Affecting rates

If value-added options are offered, would you be more likely to pay established ad rates?

Advertisers



Source: Beta Research Corp.

JOHN HALL

and more."

Forward-looking publications are seeking access to higher levels of executives within advertiser companies, and more publishers are accompanying their salesmen to meetings to pitch ideas for ad packages. The difference: These ideas for value-added options are based on an understanding of the strategic long-term needs of the advertiser.

"In the past, the media representative would tell you all the answers and never ask the questions," says Dennis Ritzel, director of advertising and corporate identity for Eaton Corp., which makes truck transmissions, axles, engine components and electrical equipment. "Now they're asking the questions first. That's the starting point."

Consolidation within the publishing industry has certainly spurred the growth of value-added options. Large media companies are seeing the benefits of marshalling their vast resources.

"There have been some surprises, some very creative ways of combining publishing resources that may have been separate before," says Mr. Ritzel. For example, some companies with trucking publications also have merchandising programs with point-of-sale materials placed at truck stops.

This is something a company like Eaton might want to tap into.

"There are a whole lot of things publishers can offer that you just wouldn't think of if you were just looking at the rate card," says Mr. Ritzel.

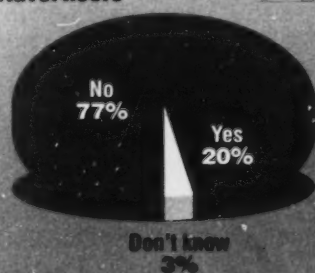
Some large publishers are making value-added programs quite formal. Take International Data Group, whose books include *Computer World* and *PC World*.

In the past, IDG offered value-

Assessing value

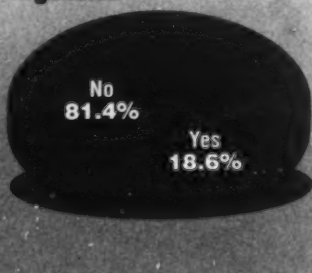
Do you expect to pay more for value-added options?

Advertisers



Source: Beta Research Corp.

Agencies



JOHN HALL

added options on a publication-by-publication basis. Last year though, IDG started what it calls a Marketing Access Program. MAP integrates magazine advertising into a plan that can offer access to such things as IDG's research subsidiary, its world exposition unit and its book company. Participants have to spend at least \$500,000 in three of IDG's publications.

"Marketing department budgets are becoming tighter and yet marketing people are being asked to do more things," says Erica Baccus, VP-marketing for IDG's marketing service division. "We felt it necessary to respond by offering marketing services beyond just the advertising pages."

For all this talk, value-added options shouldn't be over-valued. "Value-added doesn't drive advertising," says Mr. Lang. "It's the other way around."

While most advertisers want and even demand value-added options, there's much disagreement on whether these options warrant additional payment.

When asked if a media decision came down to a choice between one of two properties, business-to-business advertisers were split almost dead even about whether they'd take the one without value-added options or the one with options at an additional cost.

Most attractive value-added options

Advertisers

Targeted promotional mailings	23%
Research surveys	17%
Advertorials	16%
Free list rental	8%
Focus groups	8%
Special editorial sections	7%
Postcard mailings	5%
Telemarketing services	5%

Source: Beta Research Corp.

Agencies

Research surveys	23.5%
Free list rental	18.6%
Targeted promotional mailings	10.8%
Special editorial sections	10.8%
Postcard mailings	8.8%
Advertorials	6.9%
Exclusive sponsorship of events	5.9%
Convention, seminar or trade show tie-ins	4.9%

The confusion isn't surprising, since value-added is so many things.

"We don't tell an advertiser, 'This [value-added] option is free if you do this, and this and this,'" says Mr. Moodhe. "Price is determined on the basis of cost and a lot is based on volume. We place a very specific dollar amount on these [value-added] things."

One thing is clear: Clever value-added options can help a publication. One building-products magazine, for example, was able to improve its position in its market niche primarily through value-added promotions, says

Carol Howell, VP-media at Jayme Organization, Cleveland. This magazine, which she declined to name, made a big splash by compiling a list of the Top 100 in the industry and tying that into a special event attended by builders from throughout the country. Sponsors of the special issue were able to spend three days with these potential customers.

Bringing advertisers closer to their customers is, of course, the basis of all value-added options. Publications are increasingly arranging luncheons,

(Continued on Page B-22)

JOHN HALL



November 1992
Business Marketing
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From the survey

Off price merchandising

Agencies: what percentage of your business-to-business print placements are made at a discount?

Less than 25%	53.9%
25% to 50%	24.5%
51% to 75%	11.8%
76% to 100%	9.8%

And your non-print placements?

Less than 25%	47.1%
25% to 50%	13.7%
51% to 75%	9.8%
76% to 100%	14.7%

Average discount off published rates?*

Less than 5%	14.7%
5% to 10%	31.4%
11% to 20%	35.3%
21% to 30%	6.9%
more than 30%	8.8%

* 6.9% said not involved in non-print; 7.6% said didn't know; 12.9% said don't know

Source: Beta Research Corp.

By the medium

Agencies: what medium is most likely to offer rate discounts?

Specialized business publications	35.3%
Broadcast TV	22.5%
Cable TV	14.7%
Radio	11.8%
Local/regional business magazines	7.8%
General business publications	4.9%
Newspapers	1%

Don't know not shown

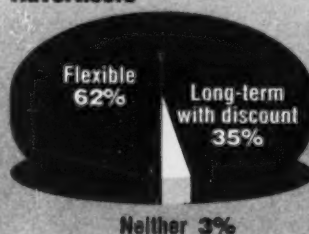
And what medium is least likely to offer rate discounts?

General business publications	36.3%
Newspapers	23.5%
Specialized business publications	11.8%
Local/regional business magazines	8.8%
Broadcast TV	3.9%
Cable TV	2%
Out-of-home	2%
Radio	1%

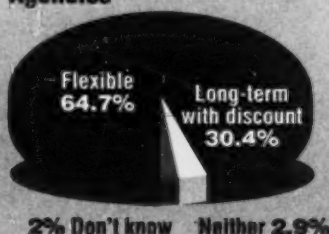
Option play

Would you be more likely to buy or use an option of (a) leaving your media budget more flexible or (b) making longer term placements if a discount is offered?

Advertisers



Agencies



JOHN HALL

Value-added

(Continued from Page B-21)

cocktail parties and other events that allow face-to-face networking opportunities.

Sun Microsystems Computer Corp., for example, places a high value on computer magazines that arrange luncheons where Sun representatives can meet with corporate chief information officers for roundtables and question-and-answer sessions.

"That can bring us closer to potential customers by a third party that's more objective," says Colleen Choy, director of marketing communications with Sun Microsystems.

Another popular value-added option is information.

"There have been some surprises, some very creative ways of combining publishing resources that may have been separate before."

—Dennis Ritzel



In the Beta survey, ad agencies said the most attractive value-added option was research surveys, followed by free list rental. Advertiser respondents listed targeted promotional mailings and research surveys as the top two options.

Large media companies with research divisions are combining sales of ad space with such things as white papers, data about international mar-

kets and increasingly sophisticated databases.

Not all this information is limited to demographics of subscribers. For example, IDG publishes *Federal Computer Week* and thus has insight into the government purchasing process. Consequently, IDG offers to put on seminars about government purchasing for advertisers who want to do business with the federal government.

"It isn't money that keeps advertisers from doing [these value-added options on their own]," says Ms. Baccus.

"It's having someone think of an idea and giving them a turnkey solution. When publishers understand advertisers' marketing objectives and barriers, we can come up with creative solutions that have real value." □

Canned-coffee market is steaming in Japan

By David Kilburn

TOKYO—Competition is brewing in Japan's growing \$8 billion ready-to-serve canned coffee category.

"In the past nine months, virtually every coffeemaker has changed [package] graphics and launched a new campaign. They are spending more in the coffee sector than ever before," said T. Burke McKinney, senior VP-director of marketing at Coca-Cola Japan Co., which markets category leader Georgia.

Last year, marketers spent \$116 million on advertising, up 13.5% from 1990, industry insiders say. This year, a 20% to 25% increase is expected.

Ueshima Coffee Co. introduced canned ready-to-serve coffees in 1969. Now there are 80 marketers selling 400 brands.

Sales took off in the late 1970s when vending machines able to heat or chill drinks were introduced.

Today, about 80% of canned coffee sales go through Japan's estimated 2 million soft-drink vending machines, which have this capability of dispensing both hot and cold beverages.

For the past five years, the ready-to-serve coffee market has grown an average of 12.4% annually, to 441 million cases in 1991, Mr. McKinney said. Now, in-store distribution is being explored as an avenue for further growth.

Major supermarket operator Daiei Inc. in January introduced its own brand, sold in-store. Daiei projects first-year sales of 3 million cans of its Captain Cook Coffee Mild & Light, at only 56¢ per can, compared with the vending machine industry average of 88¢. The Captain Cook brand is selling at twice the rate originally fore-



Coca-Cola's Georgia is the No. 1 ready-to-serve canned coffee.

cast, a spokesman said.

In addition, Pepsi-Cola Japan is trying to expand distribution of its six-product Freedom line into major retail outlets. Pepsi hopes the move will help it boost volume share to 4% from the current 2.5%.

Coca-Cola's Georgia line of 12 products leads the market with a 38.9% volume share, followed by Ueshima with 16.6% and Pokka Corp. with 10%, according to figures from Coca-Cola. Other players include Kirin Beverage Co. and Suntory, each with 5%.

The strongest challenge to Coca-Cola's Georgia may come from Ueshima. New ads, via

Dentsu, broke last month calling the brand "the coffeemaker's canned coffee."

"You've got to say that [Ueshima] has the biggest upside potential," Mr. McKinney said. "They are founded... on the basis of brewed coffee, so they have some equity in that."

Pokka emphasizes quality with the 100% Coffee umbrella brand.

"We launched 100% Kilimanjaro this spring and introduced 100% Mocha last month," said Akio Sakurai, a Pokka marketing manager. "We only use a single type of bean and emphasize this in advertising in order to differentiate from other brands." Dentsu handles.

Kirin's Jive line includes eight canned coffees ranging from sweet to bitter and coffee-rich to milk-rich. Last month Jive Premium blend was launched with advertising by Hakuhodo describing the production technology.

"We make Jive in the same way you make coffee at home from beans," said Hiromi Sagara, marketing executive.

Suntory replaced its West line with Boss in late August. The new five-product line is targeted at heavy drinkers of canned coffee.

Suntory expects to sell 900 million cans by yearend.

Ads from Dentsu use the theme line "Boss drinks" and feature rock singer Eikichi Yazawa, considered a trendsetter for young people who are heavy coffee drinkers. □

Femidom is getting print, cinema and outdoor support in the U.K.

Female condom arrives in Europe

By Stephen Downer

LONDON—Femidom, the first condom for women, is rolling out across Europe on its way around the globe after a U.K. launch last month.

Chartex International has licensed several major marketers, including Wisconsin Pharmacal Co. in the U.S. and Johnson & Johnson in Italy, to handle marketing for the product. Over-the-counter pharmaceuticals wholesaler Uhlmann-Eyraud handles in Switzerland.

Chartex handles its own marketing in the U.K.

Chartex unveiled the new birth control device quietly in Switzerland in April but gave it a more prominent debut in the U.K.

An introductory ad stating "Out now, in later" created such a negative reaction among the staff at *The Daily Mail* that the ad was pulled from the newspaper only hours before it was to be published. The ad did run in other papers.

"Feedback from women and indeed men around the world is that they like this product, and we feel very confident of success," said Chartex Managing Director Bob

Shire.

Alliance International U.K. created the \$2 million print, cinema and outdoor U.K. campaign. It uses no spokesmen, just words set against a variety of colors. Different ads tell women: "Ooh yes! Let your passions run wild"; "Fashion, what women are choosing to wear this year"; and "Johnny has had a sex change." "Johnny" is British slang for condom.

The campaign broke in six U.K. national newspapers Sept. 28.

Carl Shuck, Chartex account director at Alliance, said he was "extremely angry" about *The Daily Mail* pulling the ad.

"I went to great pains to make sure it was not a controversial campaign," he said. "This ad had been approved by [Daily Mail Ad Director] Guy Zitter and by the managing editor."

"We did lots of research into the market and the attitudes of women," Mr. Shuck said, "and basically discovered that what women want is a very direct approach [in advertising]."

Chartex's partners in other countries will make their own ad arrangements, Mr. Shire said. □

INTERNATIONAL ACCOUNTS IN REVIEW

COUNTRY/BUDGET	CLIENT/BRANDS	CONTENDERS	INCUMBENT	DECISION DATE
Spain: \$140 million	SEAT autos	Tapsa/N W Ayer; Tiempo/BBDO	Tapsa/N W Ayer	Mid-November
Europe: \$40 million+	Cadbury Schweppes Beverages	DDB Needham; Young & Rubicam; Grey Ltd.	Saatchi & Saatchi Advertising; Foote, Cone & Belding; DDB Needham; others	November or later
Italy: \$22 million	ENIT (Italian Tourist Board)	Unknown	BSB Italia	Unknown
Indonesia: \$18 million	Garuda Indonesia Airlines	Incumbent; Lintas:Singapore; GWD; Fortune Advertising; McCann-Erickson; AMC-Melewar-Zecha; Saatchi & Saatchi Advertising	Foote, Cone & Belding	Unknown
Europe: \$18 million	Hoover	Abbott Mead Vickers/BBDO; seven other unknown agencies	Lowe Group	Late November
Australia: \$15 million	Westpac Banking Corp.	Magnus Nankervis & Curl; Lintas:Sydney; DMB&B/Weekes Morris Osborn	Chiat/Day/Mojo; Magnus Nankervis & Curl	November
Australia: \$10 million	Department of Defense	Incumbents; Clemenger BBDO; George Patterson Pty.; Wunderman Cato Johnson with Young & Rubicam	Silver Partnership; Mattingly & Partners	December
Germany: \$9 million	Hyundai Motor Deutschland	Knopf, Naegeli, Schnakenberg; Tostmann, Domann, Holzwarth; Braunschweiger & Goll; Damm; Alexander Demuth GmbH	Grey	Unknown
Europe: \$8 million	Quaker Oats' Gatorade	Unknown	Lowe Group	Unknown
Germany: \$7 million	German Defense Ministry	Lintas:Hamburg; ABC Eurocom; others	Krakow-McCann-Erickson	December
Poland: \$6 million	LOT Airlines	13 international agencies	In-house	Late November
Germany: \$5 million to \$6 million	LTU-Lufttransport-Unternehmen	Grey Duesseldorf; Euro RSCG; other unknown agencies	Euro RSCG	Unknown
Canada: \$5 million+	Canada Trust	Unknown	In-house	Unknown
Australia: \$5 million+	Qantas Airlines/Australian Airlines public stock market float	11 shops including Clemenger BBDO; George Patterson Pty.; McCarthy Watson & Spencer; Advertising Partners; Luscombe & Partners; DMB&B/Weekes Morris Osborn (incumbent to Qantas); Chiat/Day/Mojo (incumbent to Australian Airlines)	None	Early November
Germany: \$4 million	Bayer AG unit Drufog's Detial suncare line	Lintas:Frankfurt; DMB&B; unknown Frankfurt agency	Wensauer DDB Needham	December
Australia: \$4 million	IBM Australia	Incumbent; DDB Needham; McCann-Erickson	Magnus Nankervis & Curl	Unknown
Australia: \$3 million	Commonwealth Health Dept. (Medicare)	Leo Burnett Connaghan & May; J. Walter Thompson Australia; BAM/SSB; Ogilvy & Mather	None	November
Puerto Rico: \$2.5 million	R.J. Reynolds Tobacco Co.	Foote, Cone & Belding; McCann-Erickson Puerto Rico; eight others	Marti, Flores, Prieto & Wachtel	Late November
Canada: \$2.4 million	Canada's Wonderland amusement park	Young & Rubicam; D'Arcy Masius Benton & Bowles Canada; Harrod & Mirlin; Padulo Advertising	J. Walter Thompson Co.	November
Canada: \$1.3 million	Societe des Alcools du Quebec (government-owned retail outlets)	Incumbent; NAT-COM Publicite Promotion; Blitz; Groupe Everest	Groupaction Marketing	Unknown
South Korea: \$1.2 million	Dial fabric softener	Daehong Advertising (DDB Needham); Oricom	New account	Unknown

DATAWATCH

Ad Age International and Carat MPJ International take a look at media usage throughout Europe.

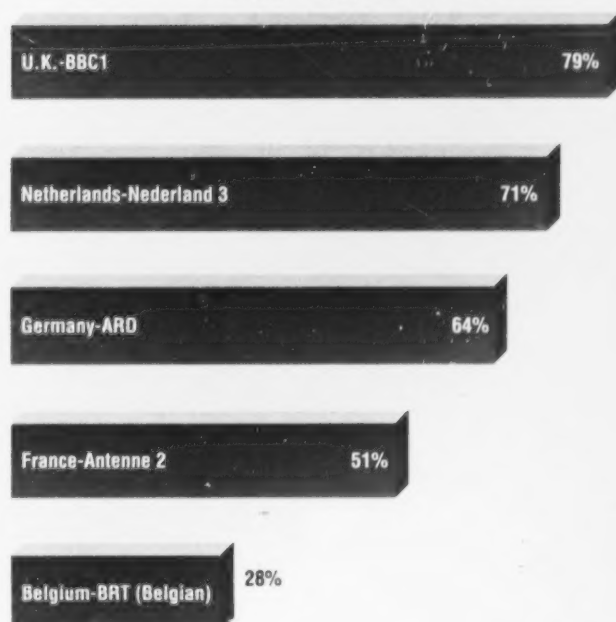
When workers use different media

Most popular media by daypart.

Day part	Belgium	France	Germany	Netherlands	U.K.	Total
At home before work	Radio	Radio	Radio	Newspapers	Radio	Radio
Going to work	Radio	Radio	Radio	Radio	Radio	Radio
Before lunch at work	Newspapers	Newspapers	Newspapers	Newspapers	Newspapers	Newspapers
During lunch break	Newspapers	Television	Newspapers	Newspapers	Newspapers	Newspapers
After lunch at work	Radio	Magazines/Radio	Magazines	Magazines/Radio	Magazines/Radio	Magazines
During evening	Television	Television	Television	Television	Television	Television

Europe's top TV channels

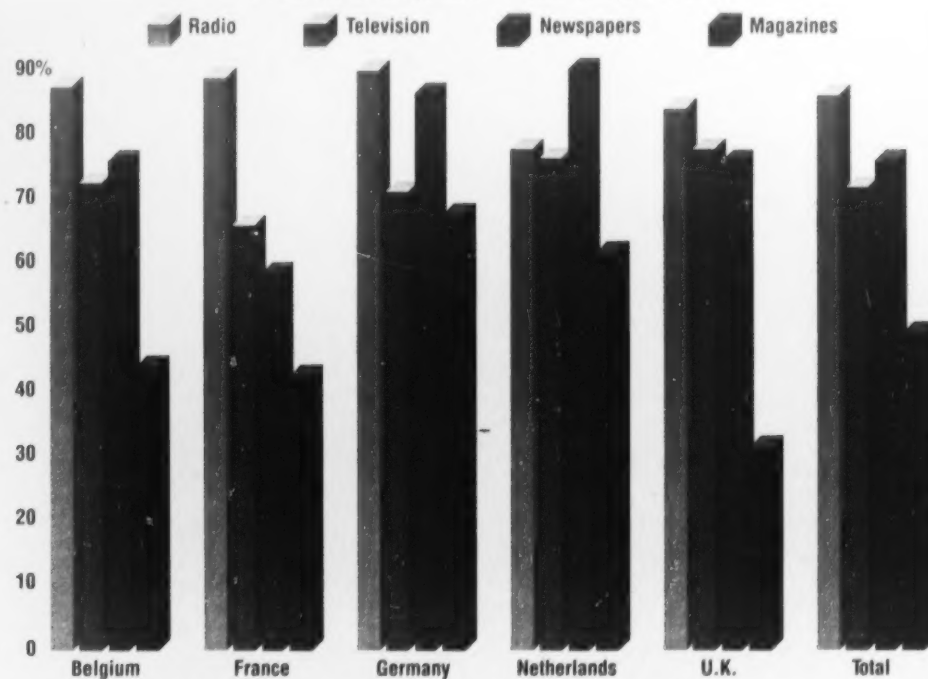
Percentage of respondents who watch their country's most popular channel.



Base: All TV Viewers - 72% of IMP universe

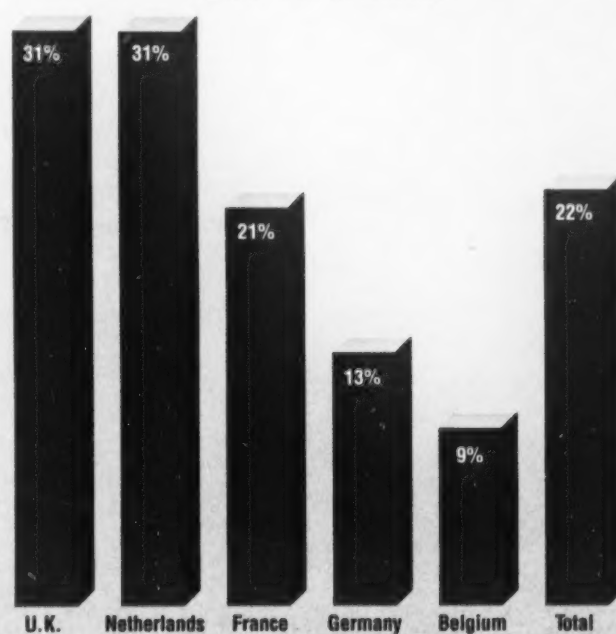
Which media do you use?

Greatest percentage listened to radio on previous day.



Which country watches most TV?

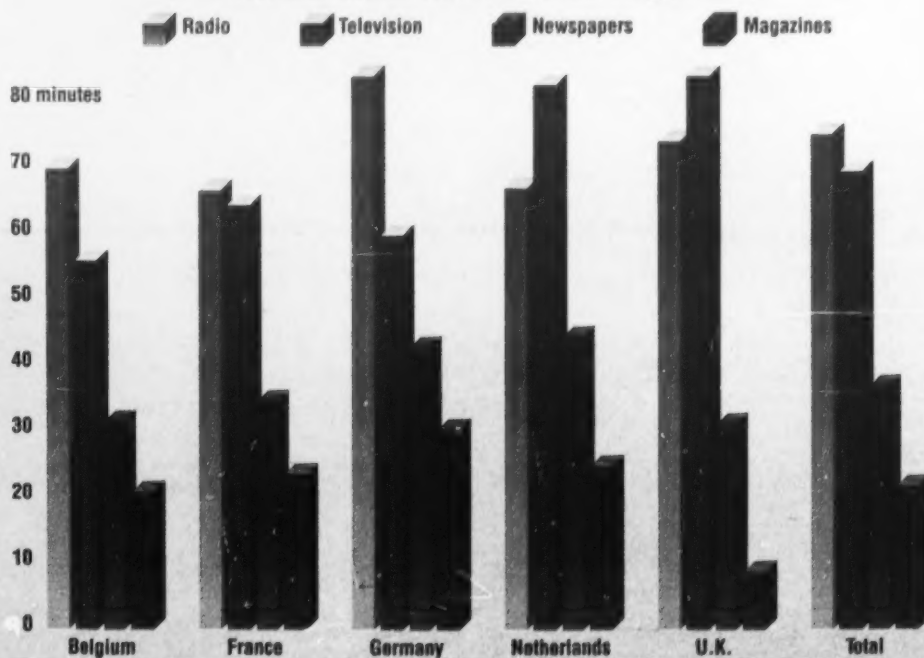
Percentage of respondents watching 2 or more hours of TV on previous day.



Source: IMP '92

How much time do you spend with media?

Respondents spend most minutes per day listening to radio.



MEDIAWORKS

3 new weekly TV pubs vie for German readers

Outlook dim for all to survive in crowded market

By Dagmar Mussey

DUESSELDORF—The increase in German TV channels is being matched by the growth of TV magazines that help German viewers decide what to watch.

Three channel guide entries by rival publishers each sold more than 1 million copies a week in their first month, but media experts doubt all three will survive in Germany's already crowded TV listings market. The three new magazines bring the total to 12 weekly TV books selling a total of 21 million copies a week plus two every-other-weeklies that sell another combined 2.9 million copies.

The success of private German TV channels RTL Plus and SAT. 1, now available in about 78% of Germany's 31 million TV homes, and growth of cable TV have spurred interest in program listings.

Axel Springer Verlag, the Hamburg-based publisher fighting to regain its lead in the TV listings market, is backing the launch of *TV neu* with a TV, print and radio campaign by Grey-owned KM Wolff & Partner, Hamburg. Axel Springer's share of the TV magazine market has fallen to 34% from more than 47% about 10 years ago, trailing market leader Heinrich Bauer with 46%.

Gruner & Jahr subsidiary Berliner Verlag has revamped an old East German guide called *FF* and launched it nationally with an ad campaign by Baader, Lang, Behnken, Hamburg.



New entries *TV neu* and *FF* mean Germans can have their pick of 12 weekly TV magazines, plus two every-other-weeklies.

Another publisher, Milchstrasse, Hamburg, introduced its *Kabel TV* on Sept. 2, a week after the other two launches.

"There are just too many now, and I think only one or two of the recently launched will survive," said a media expert at a Duesseeldorf ad agency. "And it could well be that one of the older magazines may disappear or merge with another."

TV magazine market leader Bauer has no plans for launches but will invest heavily this year in revamping the four TV magazines the company already owns.

"We are investing about \$18 million in our existing guides," a Bauer spokesman said. □

Thailand clears way to license private TV stations by yearend

By David Butler

BANGKOK—Thailand is expected to get its first private TV stations by yearend, as established media companies already are vying for the licenses.

Plans are in place for two new private stations, adding to the five current government-controlled stations.

These stations are expected to go forward under the new government installed last month, and licenses

will be awarded by yearend.

The prospect of owning a private station has attracted bids by major Thai media companies, including three privately owned daily newspaper publishers—Post Publishing Co., owner of the *Bangkok Post*; the Nation Publishing Group, publisher of the *Nation*; and Vacharapol Co., *Thai Rath*.

Interest has also been expressed by the Manager Co., a business newspaper and magazine publisher; telecommunications companies Loxley Group and Samart Telecom; and the Shinawatra Group, a telecommunications and satellite broadcasting company.

Four of the five existing stations in Bangkok carry advertising, with 1992 revenues projected to reach \$400 million, and the two new private stations will both carry commercials.

Some 75% of households nationwide and as many as 98% in Bangkok own TVs.

Given that saturation level, four commercial TV outlets isn't enough, said Yupon Thammasri, president of the Advertising Association of Thailand. "There should be between two and four more," Mr. Thammasri said. □

Open Israeli cable to ads, marketers say

Local advertisers demand access as commercial channel delays mount

By Sharone Parnes

TEL AVIV—Israel's first commercial TV channel faces yet another delay in its launch, and that's making marketers eager to gain access to cable.

The Israeli government prohibits local companies from advertising on the plethora of cable channels that reach the country. Government-owned Channel 1 accepts program sponsors but not advertising.

Local companies say the prohibition puts them at a disadvantage with multinational competitors. For example, Gali, a shoe marketer, can't advertise, but Nike and Reebok International's commercials reach Israeli consumers via cable channels.

The process was supposed to change with the advent of Channel 2, which has been testing transmissions for two years. The government has said once ad-supported Channel 2 is self-sufficient, Israeli companies can advertise on cable as well.

But no one applied to buy shares in the channel by last month's deadline.

Communications Minister Moshe Shahal will urge a committee of ministers and the Israeli Parliament to let his office advertise the next auction for Channel 2 bidders internationally rather than solely in Israel.

The prohibition results in

"an idiotic distortion," said Yair Feldmann, deputy general manager of the Advertisers Association of Israel.

At least one advertiser has gotten around the ban. Osen, a large Israeli foods marketer, placed a spot on MTV Europe last month. The Ministry of Communications declared the placement illegal, but it's unclear whether legal action will be taken.

"There must be advertising on cable, but its timing certainly must be coordinated in such a way that it won't hurt Channel 2," said Mody Kidon, chairman of the Israel Advertising Association and president of Gitam Image Promotion Systems. "We believe ad budgets will grow as a result of this."

Mr. Kidon estimated that within two years of Channel 2's privatization, its TV ad revenues would reach \$100 million to \$120 million, or about 20% to 25% of the current total ad spending in Israel.

Dan Pattir, one of 15 members of the government's executive council overseeing development of Channel 2, stressed the need to limit advertising to that channel until it becomes economically self-sufficient.

"In my opinion, it can be said that in the coming three years there won't be [local] advertising on cable, only on Channel 2," he said. □

Taiwan and China propose biz monthly

By Andrew Geddes

A Chinese Communist Party newspaper and a leading Taiwan daily owned by a prominent Nationalist are considering whether to jointly launch a monthly business magazine.

If successful, the deal would mark the first such publishing deal between a Nationalist and the Communists since the 1949 civil war, when the Nationalists retreated to Taiwan.

China Times, a Taipei daily, is studying the proposal by the Shanghai-based *Liberation Daily*, said *China Times* Editor in Chief Huang Chao-Sung.

The proposed magazine would circulate in Taiwan and China, covering economic, financial and technological news. Details such as the magazine's name or the location of its headquarters have yet to be discussed, Mr. Huang said.

The venture could also involve investors from Hong Kong and

Japan, Mr. Huang said.

The *China Times* News Group is owned by Yu Chi-Chung, an ardent supporter of reunification of Taiwan with China and a member of the governing Nationalist Party's Central Advisory Committee.

The joint venture proposal follows an agreement the *China Times* Group signed with *Liberation Daily* in August to provide news about Taiwan's economic development to Beijing and other Chinese cities starting this month. The news would be distributed through the group's Hong Kong subsidiaries.

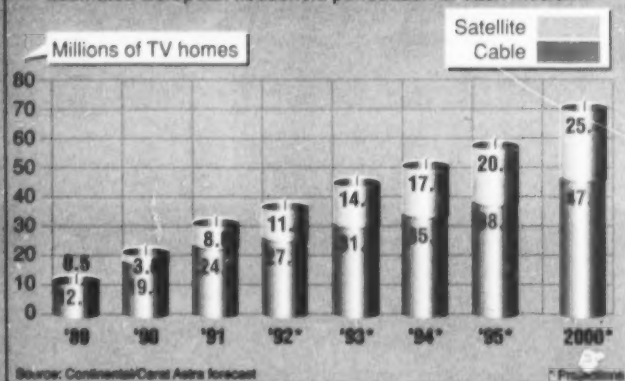
The joint venture technically will be illegal as Taiwanese law restricts investment in China to labor-intensive fields such as textiles and light industry, and Chinese law also forbids such ventures in Taiwan.

Mr. Huang said the Taiwanese and Chinese governments soon are expected to change those laws. "We will wait until it is legal," he said. □

DATAWATCH

Cable, satellite to boom

Estimated European household penetration of each medium.



CHRIS ROY

NBC Saturday ratings rise

By Joe Mandese

NBC's shift to a lineup of adult- and teen-oriented programming from a mix of kids shows has improved the network's overall ratings on Saturday mornings.

NBC's household ratings rose 8% to an average 2.8 for the first

four Saturdays of the 1992-93 season compared with the same period in 1991, according to an analysis of data from Nielsen Media Research by N W Ayer, New York.

NBC's ratings among teens were up most significantly, rising 19% to an average 4.3 for the

four-week period. During the same period, ABC's ratings for teens fell 41% to a 2.0, while CBS rose 4% to a 2.5.

Fox Broadcasting Co., however, had the biggest gains among teens, rising 38% to a 1.8 rating.

Fox also had the greatest gains among kids 2 to 11, posting a 43% increase to a 5.0 rating. Ratings for all of the Big 3 networks fell significantly for the demographic: ABC was down 14% to a 5.1 rating, CBS was down 5% to a 5.4 rating and NBC fell 37% to a 2.4 rating.

"NBC's programming is definitely getting the teens. Last year, they were barely ahead in teenage viewers. This year they are comfortably ahead," said Rob Frydlewicz, VP-associate media research director at Ayer.

NBC had the top three shows among teens on Saturday mornings: "Saved by the Bell 2," "California Dreams" and "Saved by the Bell 1." □

Saturday morning ratings

	HOUSEHOLDS			KIDS 2-11			TEENS		
	1991	1992	change	1991	1992	change	1991	1992	change
ABC	3.5	3.0	-14%	5.9	5.1	-14%	3.4	2.0	-41%
CBS	3.2	3.2	—	5.7	5.4	-5%	2.4	2.5	+4%
NBC	2.6	2.8	+8%	3.8	2.4	-37%	3.6	4.3	+19%
Fox	1.9	2.7	+42%	3.5	5.0	+43%	1.3	1.8	+38%

Source: Nielsen Media Research, Sept. 12-Oct. 3, 1992. Time periods measured are 8 a.m. to 1 p.m. (ET) for ABC and CBS, 10 a.m. to 12:30 p.m. for NBC and 8 a.m. to 12 p.m. for Fox.

Newspapers to try electronic billing

By Christy Fisher

The Newspaper Association of America is moving forward on an electronic one-order/one-bill system to make multimarket buys easier.

By early next year, the association hopes to be testing electronic ad ordering between a handful of newspapers and two retailers, Dillard Department Stores and Sears, Roebuck & Co. The test will eventually be expanded so that ordering, planning, placement, verification, billing and payment will all be handled electronically.

In a separate but related development, an NAA committee is looking at creating a national network similar to the FTD/Florists' Transworld Delivery Association system. The network would let papers make

available a limited number of ad sizes and positions at a simplified, cost-per-thousand-based price. The panel will report back by yearend on the concept, known as MAP (Multimarket Advertiser Product).

The NAA hopes to reduce paperwork and make national buys easier at the nation's 1,600 daily newspapers. National advertising accounted for just 12% of the \$30.4 billion spent on newspaper ads in 1991.

"This is just one element to make [newspapers] more attractive to national advertisers," said Len Forman, the group's chief operating officer.

Newspaper media buyers say they are encouraged by the developments.

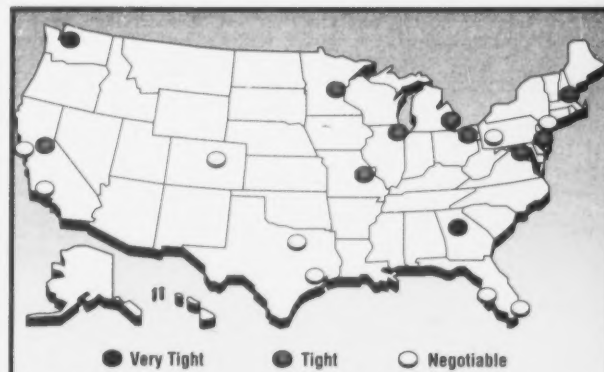
"We certainly would like to see

[the initiatives] happen. We'd like to have everything computerized," said Joan Czachor, VP-manager of print operations at Saatchi & Saatchi Advertising, New York. "Newspapers are very difficult to deal with . . . and very expensive to buy."

"One-order and one-bill and a national volume discount would be attractive," said Bob Zach, senior VP-media director at Chiat/Day/Mojo. "But the establishing of set positions in the newspapers that will accommodate a national order is a real plus . . . As client budgets have become tighter and agency incomes have declined, anything that improves agency productivity will be welcomed." □

Joe Mandese coordinates MediaWorks.

SPOT CHECK



Source: Horizon Media

Political ads tighten radio's spot market

Spot Check is a quarterly survey of radio purchasing activity in the top 20 markets compiled by Horizon Media, New York. Markets are ranked by radio spot availability after September sales.

Top 20 overview: When the voting is over, spot radio sales will have grown as much as 18% in some markets, Horizon Media said.

"The candidates still have much of their advertising budget to spend before the election, which is certain to tighten the market," said William A. Koenigsberg, president-ceo of Horizon Media.

VERY TIGHT—Little time available.

Atlanta: Economic recovery is being seen, with the market remaining active. Domestic and foreign automakers, fast-food and beverages increased spending.

Seattle: Spending by politicians, foreign automakers and financial services is up. Direct response is the only category that is down.

TIGHT—Time available but demand keeps

prices stable.

Boston: Last-minute buys are causing a tight inventory. There's strong play in automotive, beverages and fast-food.

Chicago: Retail is up, with some gains in domestic automotive, fast-food and beverages.

Cleveland: Political spending and foreign automotive are up.

Detroit: Gains are expected among domestic automotive, retail and fast-food categories.

Minneapolis: Spending is increasing for automotive and fast-food.

Philadelphia: Beverage, fast-food and automotive are all on the rise.

Sacramento, Calif.: Ad sales are expected to increase in all areas.

St. Louis: Increases are expected in political, retail, fast-food and beverages.

Washington: Ad time filled at the last minute created inventory problems. Financial services, political spending and automotive all are up.

NEGOTIABLE—Time available at negotiable rates.

Dallas: Beverage and direct response are active; financial services and automotive are flat.

Denver: Political, fast-food and beverage spending are seeing gains.

Houston: Retail, financial services and domestic automotive are all experiencing gains.

Los Angeles: The market is open for the fall but has sold out in sporadic bursts. Political, retail and direct response are expected to increase.

Miami: Political and retail likely will see gains.

New York: Economic uncertainty makes the market difficult to pinpoint.

Pittsburgh: Increases are expected in financial services, automotive, fast-food and retail.

San Francisco: Gains are seen for fast-food and domestic automotive.

Tampa, Fla.: Automotive and financial services will increase, with a smaller gain in fast-food. □

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More of our subscribers hold top management titles: 587,000 to 422,000.

Inc.'s four-color CPM is almost double ours.

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Nation's Business
The Small Business Adviser

SOURCES MAGAZINES CURRENT SUBSCRIBER STUDIES 1988-1990

close: Dec. 15. B&w page: \$8,200; color page: \$11,875.

Road & Track: "Road & Track's sport-utilities, pickups and vans guide" special editorial section, March 16 issue; ad close: Jan. 19. B&w page: \$5,905; color page: \$8,550.

Road & Track: "Sports and GT cars" special editorial section, May 4 issue; ad close: March 9. B&w page: \$6,560; color page: \$9,500. □

Ad opportunities in print.

Parade: New York, "Aging" special editorial section, Dec. 6 issue; ad close: Oct. 29. Color page, standard magazine size: \$364,700; Parade page size: \$486,400.

Road & Track: Newport Beach, Calif., "Road test annual" special editorial section, Feb. 16 issue; ad

CONSUMER MAGAZINE AD LINAGE

September 1992				Year-to-date 1992				September 1991				Year-to-date 1991				September 1992				Year-to-date 1992				September 1991				Year-to-date 1991																			
1992				1991				1992				1991				1992				1991				1992				1991																			
■ Auto/cycle/rec.vehicles																■ Outdoor & sport																■ Business/national															
AutoWeek (52X)																Alaska																Barron's															
Automobile Magazine C.																The American																Black Enterprise C.															
Car & Driver C.																Handgunner (6X)																Business Week (52X) C.															
Car Collector & Classics																American Hunter																Economist (52X) C.															
Car Classics																American Rifleman																Entrepreneur C.															
Car Craft																Audubon (6X) C.																Entrepreneurial Woman (7X) C.															
Circle Track																Backpacker (8X) C.																Financial World (26X) C.															
Cycle World																B.A.S.S. Times																Forbes (26X) C.															
Dirt Rider																Bassmaster (10X) C.																Fortune (25X) C.															
Dune Buggies & Hot VWs																Bicycling (10X) C.																Frequent Flyer															
Easyriders																Ducks Unlimited (6X)																Futures															
Family Motor Coaching																Field & Stream C.																Harvard Bus. Review (6X) C.															
Four Wheeler C.																Flex																Inc. Magazine C.															
Hot Rod C.																Florida Sportsman																Income Opportunities															
Motorcyclist																Golf Digest C.																Industry Week (23X)															
Motor Trend C.																Golf Magazine C.																Nation's Business C.															
Motorhome																Guns																Success C.															
Petersen's 4 Wheel																Guns & Ammo																Total Group															
Rider																In-Fisherman (7X)																% change															
Road & Track C.																Outdoor Life C.																3.7%															
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% change																Runner's World C.																Bus. First of															
-2.6%																Salt Water Sportsman C.																Columbus (52X)															
2.2%																Shooting Times																Bus. Jmi-Mileauke (52X)															
																Sierra (6X) C.																Bus. Jmi-Sacramento (52X)															
																Ski (8X) C.																Bus. North Carolina															
																Skiing (7X) C.																Capital Dist. Bus.															
																Skin Diver C.																Review (52X)															
																Southern Outdoors (9X)																Caribbean Business															
																Southern Western Lites (6X)																Corporate Rpt. Minnesota															
																Sport Magazine C.																Cram's Chicago Bus. (52X)															
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																Waterski (10X)																Georgia Trend															
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																Petersen's Photographic																Providence Business News															
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																Compute C.																Parade (52X) C.															
																Discover A. C.																USA Weekend (52X) C.															
																Home Office Computing C.																Vista Magazine (12X)															
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																Total Group																■ Newspaper Sunday magazine															
																% change																Boston Globe															
																3.9%																Chicago Tribune															
																2.8%																Cleveland Plain Dealer															
																■ Woman/fashion/service																The Dallas Morning News															
																Allure C.																Detroit Free Press															
																Bride's Magazine (6X) C.																L.A. Times C.															
																Child (10X) C.																New York Times Magazine															
																Cosmopolitan C.																Philadelphia Inquirer															
																Elegant Bride (6X)																Seattle Times															
																Elle C.																St. Louis Post Dispatch															
																Essence C.																Washington Post															
																Family Circle (17X) C.																Total Group															
																Glamour C.																% change															
																Good Housekeeping C.																-21.9%															
																Harper's Bazaar C.																-0.9%															
																Imagen																■ Weeklies/bi-weeklies															
																Ladies' Home Journal C.																The Advocate (26X)															
																Learn's C.																Army Times Military Group															
																Mademoiselle C.																Air Force Times (52X)															
																Mirabella C.																Army Times (52X)															
																Modern Bride (6X) C.																Navy Times (52X)															
																New Woman C.																Capper's (26X)															
																Parenting C.																Commonwealth (22X)															
																Parents Magazine C.																Golf World (41X) C.															
																Redbook C.																Jr (52X)															
																Sassy C.																Get (52X) C.															
																Self C.																National Journal (50X) C.															
																Seventeen C.																National Review (25X)															
																Shape C.																New Republic (48X)															
																Soap Opera Digest (26X) C.																New York Mag. (50X) C.															
																Teen Magazine																New Yorker C.															
																True Story C.																Newsweek (52X) C.															
																Victoria C.																People (51X) C.															
																Vogue C.																Sports Illustrated (52X) C.															
																W Magazine (26X) C.																Time (52X) C.															
																Weddings West (4X) A.																TV Guide (52X) C.															
																Weight Watchers C.																U.S. News & World Report (50X) C.															
																Woman's Day (15X) C.																Total Group															
																Workbasket (6X)																% change															
																Working Mother C.																0.8%															
																Working Woman C.																1.1%															
																YM-Young & Modern (10X)																NOTES: Lineage is given in paid ad pages. (X) represents the number of times published each year; publications are monthly unless otherwise specified. Sectional lineage is prorated to circulation of regional editions. A Frequency change from prior year. B. Incomplete report not included in group total and % change. C. Figures supplied by Publishers Information Bureau. All other figures are supplied by the magazines. PIB adjusts 1991 figures to compare equivalent number of issues to 1992. Ad Age makes no attempt to verify figures and is not responsible for inconsistencies or errors. Compiled by Jaime Trapp.															
																Total Group																															
																% change																															
																10.1%																															
																4.3%																															
																■ Youth																															
																Boys' Life C.																															
																Campus Life (10X)																															
																Total Group																															
																% change																															
																-7.6%																															
																2.1%																															